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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/532,560	03/22/2000	Mark Paul Everson	200-0109	8819

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EXAMINER

PATEL, JAGDISH

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 11/26/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

09/532,560

Applicant(s)

EVERSON ET AL.

Examiner

JAGDISH N PATEL

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 9/12/03
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-6 is/are pending in the application.
- 4a) Of the above claim(s) is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-6 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. §§ 119 and 120

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
a) ☐ All b) ☐ Some \* c) ☐ None of:  
1. ☐ Certified copies of the priority documents have been received.  
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).  
\* See the attached detailed Office action for a list of the certified copies not received.
- 13) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application) since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.  
a) ☐ The translation of the foreign language provisional application has been received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

### Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

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**DETAILED ACTION**

1. This communication is in response to amendment filed 9/12/03.

***Response to Amendment***

2. Claims 1-6 have been amended per request. Currently claims 1-6 are pending and have been examined.

***Response to Arguments***

3. Applicant's arguments regarding rejection of claims 1-6 under 35 USC 101 as being directed to a "practical application" have been fully considered but they are not persuasive. (see explanation under 101 rejection). Note that the rejection of claims 1-6 under 35 USC 101 as not within technological art have been withdrawn since the claims are deemed to be within technological art.

4. The examiner recognizes that the "business method" exception is no longer applicable in analysis of patentability under 35 USC 101. Instead the requirement investigated by the examiner for the claim(s) to be statutory under 35 U.S.C. 101 is that the claimed invention as a whole must accomplish a practical application. That is, it must produce a "useful,

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concrete and tangible result." State Street, 149 F.3d at 1373, 47 USPQ2d at 1601-02. The purpose of this requirement is to limit patent protection to inventions that possess a certain level of "real world" value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for future investigation or research (Brenner v. Manson, 383 U.S. 519, 528-36, 148 USPQ 689, 693-96); In re Ziegler, 992, F.2d 1197, 1200-03, 26 USPQ2d 1600, 1603-06 (Fed. Cir. 1993)). The amended claims when viewed as a whole fail to produce a "useful, concrete and tangible result" as required under 35 USC 101. (see explanation below).

5. Applicant's arguments regarding rejection of claims 1-6 under 35 USC 112, second paragraph have been fully considered but they are not persuasive. The amended claims are rejected under 35 USC 112, second paragraph as being indefinite and failing to particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

***Statute Cited in Prior Action***

6. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

***Claim Rejections - 35 USC § 101***

7. The following analysis applied to claims 1-6. Claim 1 is discussed as exemplary claim. This analysis also applied to independent claim 6.

8. In order that a claimed invention is rendered statutory under 35 U.S.C. 101, it must be limited to a practical application, i.e. it must produce "useful, tangible and concrete result". (MPEP 2600.II.A.). Claims 1-6 are not limited to a practical application when viewed as a whole. The claim 1, for example recites limitation choosing between the optimal portfolios in the range based on trade-offs between institutional risk and market risk of losses due to hedging. This limitation in conjunction with other limitations of the claimed invention fails to positively recite any "useful, concrete and tangible" result of the claim as a whole. The specification states on p. 8 L 16-21 and p. 9 "...the method chooses between these optimal portfolios using management judgment of the trade-offs between institutional risk and the market risk of loss due to the hedging. It should be

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appreciated that management judgment is used to choose between tradeoffs in total portfolio risk and hedging risk".

9. It is amply clear from the foregoing analysis that the "choosing between the optimal portfolios" step is performed by "the management", based upon their judgment as opposed to predefined procedure which gives rise to a consistent outcome from a predefined range of the optimal portfolios. In the instant case, since the choosing of the portfolios is done, not based upon a predefined algorithm(s) or procedure(s) which is consistently followed but the choosing is based upon the management judgment and therefore the outcome of the claimed invention cannot be ascertained with any degree of consistency even if the optimal portfolios in the range is well defined. The claimed invention, therefore fails the test of practical application because the result produced is not concrete. In other words, the claimed invention fails to produce a produce a "useful, concrete and tangible" result. (See MPEP 2106.IV.B.2. (b).ii for discussion of Practical Application). See also United States Court of Appeals for the Federal Circuit ruling 96-1327 (STATE STREET BANK & TRUST CO vs. SIGNATURE FINANCIAL GROUP, INC.)

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10. Claims 1-6 are therefore, directed to non-statutory subject matter, i.e. an abstract idea without limitation to a practical application and are analyzed as non-statutory subject matter under 35 U.S.C. 101.

***Claim Rejections - 35 USC § 112***

11. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

12. Claims 1-6 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

The enablement requirement of the first paragraph of 35 U.S.C. 112 requires that the patent specification enable those skilled in the art to make and use the full scope of the claimed invention without undue experimentation based on the underlying facts. *Genentech, Inc. v. Novo Nordisk A/S*, 42 USPQ2d 1001, 1004 (Fed. Cir. 1997); *In re Wright*, 27 USPQ2d 1510 1513 (Fed. Cir.

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1993); and In re Vaeck, 20 USPQ2d 1438, 1444 (Fed. Cir. 1991).

In short, the specification and the claims must be in balance.

The specification states on p. 8 L 16-21 and p. 9 "...the method chooses between these optimal portfolios using management judgment of the trade-offs between institutional risk and the market risk of loss due to the hedging. It should be appreciated that management judgment is used to choose between tradeoffs in total portfolio risk and hedging risk". No other procedures or methodology is provided for the choosing process.

The specification, thus, fails to providing enabling disclosure for the claimed invention. In particular, the specification is silent about the limitation "choosing between the optimal portfolios in the range based on trade-offs between institutional risk and market risk of losses due to hedging."

It is amply clear from the disclosure that the "choosing between the optimal portfolios" step is performed by "the management", based upon their judgment (i.e. different "management" may have different judgment). One of ordinary skill in the art is not enabled to performed the "choosing" step because he would not know what the standard for management judgment. On the other, the choosing of the portfolios is done, not based upon a predefined algorithm(s) or procedure(s) which



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is consistently followed but the is based upon the management judgment and therefore the outcome of the claimed invention cannot be ascertained with any degree of consistency even if the optimal portfolios in the range is well defined.

Based on the foregoing analysis it concluded that the patent specification fails to enable those skilled in the art to make and use the full scope of the claimed invention without undue experimentation based on the underlying facts.

13. Claims 1-6 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As explained in the foregoing section, the method step "choosing between the optimal portfolios in the range based on trade-offs between institutional risks and market risk of losses due to hedging" require that both the market risk and institutional risk of losses be clearly defined in relation to the "range of the optimal portfolios" selected in the claimed invention. There is no guidance from the disclosure how the trade-offs between the institutional risk and the market risk of losses due to hedging are applied to the choosing between the

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optimal portfolios. Therefore, the claimed invention is rendered indefinite and failing to particularly point out and distinctly claim the subject matter.

Dependent claims 2-5 inherit weakness of parent claim 1 and are accordingly rejected.

Independent claim 6 also include method step "choosing between the optimal portfolios in the range using management judgment.." and therefore is rendered indefinite and failing to particularly point out the claimed invention based upon analysis presented above.

#### ***Conclusion***

14. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will

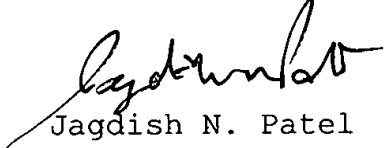
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expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jagdish Patel whose telephone number is (703) 308-7837. The examiner can normally be reached Monday-Thursday from 8:00 AM to 6:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin, can be reached at (703) 308-1038. The fax number for Formal or Official faxes to Technology Center 3600 is (703) 305-7687. **Draft faxes may be submitted directly to the examiner at (703) 746-5563.**

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113 or 308-1114. Address for hand delivery is 2451 Crystal Drive, Crystal Park 5, 7<sup>th</sup> Floor, Alexandria VA 22202.



Jagdish N. Patel

(Examiner, AU 3624)

(11/24/03)